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C O N F I D E N T I A L SECTION 01 OF 03 SHENYANG 000150

SIPDIS

DEPARTMENT FOR EAP/K, EAP/CM, INR, PRM

E.O. 12958: DECL: TEN YEARS AFTER KOREAN UNIFICATION

TAGS: [PREL](#) [PGOV](#) [PREF](#) [EAGR](#) [KN](#) [KS](#) [CH](#)

SUBJECT: PRC-DPRK: NORTH KOREAN DIPLOMATS; FOOD SECURITY;
OFFSHORE DEVELOPMENT IN SINUIJU; BORDER-CROSSERS

REF: SHENYANG 123

Classified By: CONSUL GENERAL STEPHEN B. WICKMAN.

REASONS: 1.4(b)/(d).

11. (C) SUMMARY: North Korean diplomats in northeast China did not, contrary to rumor, receive orders from Pyongyang restricting their travel in October, and trade officials recently recalled to Sinuiju reported no changes given them in policy direction, say contacts. PRC security posture appears little changed in Dandong, where customs and border-patrol officials told contacts they have seen no major change in PRC-DPRK interchange there. North Korea's top diplomat in Shenyang estimates this year's harvest will reach four million metric tons, said one contact; PRC Korea experts dispute UN agencies' predictions of dire DPRK food shortfalls this year. North Korea recently canceled its participation in a PRC-DPRK border-trade expo slated for late October. A Dandong trading firm is involved in developing North Korea's Weihua Island, off the coast of Sinuiju. Farther north in Jilin Province, China's targeting of North Korean border-crossers reportedly continues in Yanbian, where recent fines for assisting North Koreans exceed USD 700. Contacts there note some mixed border-crosser/Chinese couples secured residence permits for their children for fees of USD 75-150, though details are unclear. END SUMMARY.

NORTH KOREAN OFFICIALS IN NORTHEAST CHINA, SINUIJU

12. (C) North Korean diplomats in northeast China did not, contrary to press rumors last month, receive orders from Pyongyang restricting travel pending an "important announcement," according to PRC contacts regularly in contact with North Korean diplomats and officials. Inbound delegations of North Korean officials into Shenyang and Dalian for trade purposes continued as normal throughout the period, a Shenyang-based, PRC-DPRK trade facilitator told Poloff October 23. He claimed North Korean diplomats at the DPRK Consulate in Shenyang told him they had received no orders to stay for the "important announcement" speculated about in the press. LU Chao (PROTECT), a North Korea expert at the Liaoning Academy of Social Sciences (LASS) who regularly meets with North Korean diplomats in Shenyang, told Poloff earlier the same day that none of his North Korean contacts had been subject to any travel restrictions. The businessman reported, however, that the highest-level North Korean trade officials stationed in Shenyang (for business purposes) were recalled to Sinuiju on October 9 in advance of the following day's anniversary

of the founding of the Korean Worker's Party. The North Koreans subsequently told our contact that while in Sinuiju, they were given no news of any leadership changes, nor did higher-ups notify them of any new policy direction ("fangzhen") in their day-to-day work in China.

PRC SECURITY POSTURE NEAR DANDONG

13. (C) Recent firsthand observation, along with comments by PRC officials, suggest no outward change in the security posture of People's Armed Police (PAP) or People's Liberation Army (PLA) personnel in the Dandong area, contrary to Japanese tabloid reporting in late October. During an October 27-28 visit to Dandong, Hushan and Donggang/Qianyang, Poloff observed few noticeable changes. Near Qianyang township, by Donggang--about 50 kilometers south of Dandong--Poloff on October 28 observed one patrol vehicle (marked as such) but little else out of the ordinary. Border residents Poloff encountered in Hushan and Dandong on October 27 recalled no noticeable security changes in recent weeks. Lu Chao echoed this observation on October 23, citing recent conversations with Dandong officials and security personnel. During a research trip to Dandong earlier in the month, Dandong customs officials told Lu there were no major changes in PRC-DPRK border trade through Dandong's land and sea ports in recent weeks. Border Defense likewise reported no major changes in terms of security posture, patrols or cross-border tensions, according to Lu.

SHENYANG 00000150 002 OF 003

NORTH KOREANS, CHINESE ON THE DPRK'S HARVEST

14. (C) PRC specialists in northeast China continue to dispute United Nations World Food Programme (WFP) and Food and Agriculture Organization (FAO) estimates of significant North Korean agricultural shortfalls this year, citing DPRK officials and their own research. North Korean grain harvests this year have been better than the preceding year, in part because of better weather and open-market fertilizer purchases--however limited--from China and other countries, according to Lu Chao. But Lu, who said he recently briefed officials in Beijing and Liaoning Province on North Korean security and leadership issues, told Poloff October 23 that grain shortages are not as dire as agencies like the WFP claim. His comments echo those we have been hearing from a number of other Chinese Korea specialists. Most authoritative, perhaps, are those of the Jilin Academy of Social Science's ZHANG Feng (PROTECT), a Korea specialist who has been engaged in a classified assessment of North Korean food security over the past year for the Jilin government. In Changchun as early as September 16, she told Poloff she disputed WFP/FAO claims based on the results of this year's spring harvest and her predictions for the main harvest in October/November. She declined to elaborate.

15. (C) During a recent meeting with North Korean Consul General RI Gi Bom, Ri claimed this year's harvests have been decent, offering his "personal estimate" that total output would reach roughly four million metric tons, recalled Lu Chao of LASS. Ri told Lu that he had not, however, yet received any "official statistics." (NOTE: Ri's positive appraisal of this year's harvest echoes remarks we have heard recently from other Shenyang-based North Korean diplomats, at times unsolicited; see, for instance, refTel.) Separately, a Yanbian-based ethnic Korean Chinese who visited Chongjin for humanitarian purposes in September/October 2008 told our ethnic Korean Chinese Pol/Econ LES Assistant October 15 that the area's harvest appeared much better than last year.

NORTH KOREANS POSTPONE PRC-DPRK TRADE FAIR

16. (C) A PRC-DPRK border-trade exposition billed as the largest such event "since the founding" of the PRC and DPRK was abruptly canceled by the North Korean side days before the event was to take place, according to one of the event's organizers. The fall 2008 PRC-DPRK Border Economic and Technological Cooperation Expo was originally slated to take place in Donggang--south of Dandong--October 28-31. Sponsors were the Donggang government and the Dandong Weihua Investment Group, a private PRC-DPRK trade facilitator. The Dandong Weihua Investment Group's XU Jun (PROTECT) told us October 28 that the event fell through "late" during the week of October 19-25 when North Korean diplomats at the DPRK Consulate--his group's North Korean interlocutor--told him North Korean clearances did not materialize. Xu claimed roughly 200-300 firms had signed on as exhibitors, of which "20 to 25" were North Korean. (NOTE: During a brief visit on October 28 to the scheduled site of the expo, we found a mostly empty warehouse in poor condition likely incapable of accommodating an expo of such size; we suspect claims of the event's scale were exaggerated. END NOTE.) Xu added that North Korean diplomats would visit later that same day to discuss rescheduling the event, which he speculated would be moved to early 2009.

SINUIJU OFFSHORE DEVELOPMENT PLANS

17. (C) The Dandong Weihua Investment group is also currently involved in developing North Korea's Weihua Island, off the coast of Sinuiju, said Xu. In early 2006, Dandong Weihua apparently partnered with the North Korea Waterway Trading Company (Chaoxian Shuidao Maoyi Zonghuishe) to jointly develop Weihua Island and the nearby Xin Island, according to Xu and materials he passed us. Much of the yet-to-be-begun development plans appear overambitious (e.g., meeting centers, tourist

SHENYANG 00000150 003 OF 003

accommodations). Other elements, like a PRC-DPRK "friendship" wholesale market, have progressed more, though current status remains unclear. The Group appears well-connected in the DPRK. Its owner is the son of Chinese who fought with Kim Il Sung against the Japanese in northeast China; he maintains a "close relationship" with North Korea's central leadership because of this, according to Xu. Company materials claim the Group repaved the North Korean half of the PRC-DPRK Friendship Bridge--the trade conduit between Dandong and Sinuiju--in August 2007 as an "aid" project.

NORTH KOREAN BORDER-CROSSERS: FINES, ASSISTANCE, OFFSPRING

18. (C) Farther north along the PRC-DPRK border in Jilin Province, China's targeting of North Korean border-crossers and those assisting them reportedly continues in the Yanbian Korean Autonomous Prefecture. A Yanji-based ethnic Korean Chinese man was recently fined RMB 5000 (USD 735) after being caught by police supporting North Koreans illegally in Yanbian, he told our ethnic Korean Pol/Econ LES Assistant during an October 14-17 visit to Yanbian. The man, who has been working together with networks of foreign missionaries, claimed police in Yanbian are offering rewards of RMB 2000-3000 (USD 300-440) for turning in North Koreans but did not specify whether this varied by location. A PAP Border Defense guard who shared a cab with POL/ECON Assistant from Sanhe to Yanji October 16 mentioned that the quality of border defense has grown in recent years. Two or three years ago, conditions were "poor," he claimed; the guard recalled an incident in which a fellow guard died in an altercation with North Korean soldiers who had crossed into Yanbian.

¶9. (C) South of Yanji in Chongshan (across from Samjang-ri, near Musan), a pastor at a small ethnic Korean protestant congregation noted October 15 that few North Korean border-crossers have arrived at his church recently because conditions are unsafe for them. He explained that most local Chinese offering them assistance are members of his congregation acting privately, often with the assistance of foreigners. Echoing remarks of other Korean-Chinese contacts involved in such work, the pastor identified Korean-Americans, Korean-Australians and South Koreans as the predominant groups of foreigners assisting North Korean border-crossers in Yanbian at present.

¶10. (C) Yanbian contacts continue to report that certain mixed couples (i.e., border-crosser North Korean females/Chinese males) have been able to secure residence permits, or "hukou," that allow their children access to critical social services like education. Practice appears to vary throughout Yanbian and many details remain unclear, but more than a few have been able to register with police and receive a hukou according to one Yanji-based ethnic Korean NGO worker who, along with her pastor-husband, has been helping border-crossers there for years. Those she was familiar with had paid police between RMB 500-1000 (USD 75-150), though she did not specify whether these fees were offered as bribes. Ordinarily, she claimed, the fee for a local Chinese would be RMB 20 (USD 3). The ethnic Korean man recently fined for assisting border-crossers, however, claimed the number is much smaller. Both contacts were unclear on local variations and total numbers.

SWICKMAN